

RTP WORKSHOP on FINANCIAL STRATEGIES

October 11, 2007

#	2004 RTP	FUNDING SOURCE	DESCRIPTION	EST. POTENTIAL REVENUES (In 2007 Dollars)	PROS	CONS	PROJECTS IMPACTED	POLICY DISCUSSION/OPTIONS	STAFF RECOMMENDATION
1	No	Congestion Pricing Strategy (e.g., regional VMT fee, regional HOT lane network, open-road tolling)	A region-wide pricing strategy used to address congestion and emissions starting in 2015	\$25 billion to \$50 billion assuming a half-cent to a one-cent VMT charge (2015-2035); for a driver who drives 10,000 miles/year, this would cost about \$50 to \$100 per year.	<ul style="list-style-type: none"> - Funding stays in the Region - With current advances in technology, could be relatively easy to implement - Can serve as an effective demand management tool and help with air quality conformity - Revenue collection is directly tied to use of the system 	<ul style="list-style-type: none"> - Politically challenging - Currently there is no legislative authority - There is no regional entity to administer/implement such a comprehensive program - Further study is needed 	<ul style="list-style-type: none"> - If Strategy 2 is not recommended for the financially constrained RTP, this Strategy 1 may serve as an alternative funding source for those projects listed under Strategy 2 	1) Include congestion pricing in financially constrained RTP 2) Include congestion pricing in Strategic Plan (not part of the federally approved and conforming RTP).	Support Option 1 and continue study. Consistent with the current Overall Work Program, a \$5 million congestion pricing study will be initiated by SCAG; SCAG will coordinate with both Caltrans and local commissions on this comprehensive study effort
2	Yes	State and Federal Gas Excise Tax Increase	Additional eight cent per gallon gasoline tax imposed by the State and a eight cent per gallon gasoline tax imposed by the Federal government starting in 2011	\$16 billion (2011-2035)	<ul style="list-style-type: none"> - Historical precedence - Relatively easy to implement - Revenue distribution mechanism already in place - Revenue collection is closely tied to use of the system 	<ul style="list-style-type: none"> - Politically challenging - Requires periodic adjustments to keep up with inflation and fuel efficiency - Further increase in the use of alternative fuel vehicles hampers revenue potential - Concerns about not adequately receiving the region's fair share of revenues 	<ul style="list-style-type: none"> - Additional Operations and Maintenance for Highway system - Potentially all the major highway corridors requiring additional public funding: High Desert Corridor; CETAP Riv-Orange; 710 Tunnel; 710 South; I-5 HOV & Truck Climbing Lanes 	1) Increase gas tax rate for inclusion in financially constrained RTP 2) Increase gas tax rate for inclusion in Strategic Plan (not part of the federally approved and conforming RTP).	Support Option 1. Requisite Milestones: <ul style="list-style-type: none"> - Conduct outreach with state and federal elected representatives - Initiate public education program - Draft legislation - Need Congressional or State Legislature approval
3	No	Index State and Federal Gas Tax	Index to inflation (3.8 percent annually)	\$20 billion (2011-2035)	<ul style="list-style-type: none"> - Keeps pace with inflation - Relatively easy to implement - Revenue distribution mechanism already in place - Revenue collection is closely tied to use of the system 	<ul style="list-style-type: none"> - Politically challenging because periodic increases are not necessarily subject to further public discourse - Further increase in the use of alternative fuel vehicles hampers revenue potential - Concerns about not adequately receiving the region's fair share of revenues 	<ul style="list-style-type: none"> - Additional Operations and Maintenance for Highway system - Potentially all the major highway corridors requiring additional public funding: High Desert Corridor; CETAP Riv-Orange; 710 Tunnel; 710 South; I-5 HOV & Truck Climbing Lanes 	1) Index gas tax rate for inclusion in financially constrained RTP 2) Index gas tax rate for inclusion in Strategic Plan (not part of the federally approved and conforming RTP).	Support Option 2 and continue further study.
4	Yes	Highway Tolls	Tolls assumed for the 710 Tunnel, 710 South (truck lanes), CETAP Riv-Orange, High Desert Corridor	Only applicable to specific projects; revenue potential varies (e.g., for the 710 Truck lane prior studies have indicated that toll revenues could cover about 1/3rd of capital costs)	<ul style="list-style-type: none"> - Generates additional source of revenue for transportation projects - With current advances in technology, could be relatively easy to implement - Can serve as an effective demand management tool and help with air quality conformity - Revenue collection is directly tied to use of the system - AB1467 authorizes the region to implement tolls/user-fees for goods movement projects 	<ul style="list-style-type: none"> - Politically challenging (perceptions of equity, privacy, and opposition from trucking industry, etc.) - Currently there is no legislative authority for non-goods movement related facilities 	<ul style="list-style-type: none"> - High Desert Corridor; CETAP Riv-Orange; 710 Tunnel; 710 South (truck lane) 	1) Include specific project generated tolls in the financially constrained RTP. 2) Include specific project generated tolls in Strategic Plan (not part of the federally approved and conforming RTP).	Support Option 1. Requisite Milestones: <ul style="list-style-type: none"> - Conduct outreach with state and federal elected representatives - Initiate public education program - Draft authorizing legislation for specific projects - Need legislative approval - Need traffic and revenue analyses - Comprehensive financial/business plan
5	Yes	Container Fees	Charge imposed on containerized cargo moving through the Ports/Region	Example: A \$50/TEU charge would generate approx. \$44 billion (2009-2035)	<ul style="list-style-type: none"> - Generates income consistent with growth of port traffic - 70 percent of containers are destined for markets outside of southern California--facilitates equitable cost allocation - Container fees should be directly tied to capacity expansion projects to facilitate the movement of goods - AB1467 authorizes the region to implement tolls/user-fees for goods movement projects - The Ports of LA and LB are negotiating container fees with shippers - Historical precedence--Alameda Corridor Container Fees 	<ul style="list-style-type: none"> - Politically challenging (opposition from shippers/business community) - Potential diversion of container cargo to other ports (e.g., Panama Canal Expansion) for fees over \$200/container 	<ul style="list-style-type: none"> - 710 South (Truck lanes) and Rail Capacity, Grade Separations, and Clean Technology Package 	1) Include container fee revenues in the financially constrained RTP. 2) Include container fee revenues in Strategic Plan (not part of the federally approved and conforming RTP).	Support Option 1 (no more than \$200/container per SCAG's Port & Modal Elasticity Study). Requisite Milestones: <ul style="list-style-type: none"> - (Route 1) Conduct outreach with state elected representatives to pursue legislative approval route - (Route 2) Can continue to work with the Ports to facilitate a negotiated fee structure for a system of regional goods movement projects - Need traffic and revenue analyses - Comprehensive financial/business plan

RTP WORKSHOP on FINANCIAL STRATEGIES

October 11, 2007

#	2004 RTP	FUNDING SOURCE	DESCRIPTION	EST. POTENTIAL REVENUES (In 2007 Dollars)	PROS	CONS	PROJECTS IMPACTED	POLICY DISCUSSION/OPTIONS	STAFF RECOMMENDATION
6	Yes	Local Option Sales Tax Extension for Imperial County	Half-cent sales tax on retail sales in Imperial County--dedicated to transportation purposes. Current sales tax expires in 2010.	\$420 million (2011-2035)	<ul style="list-style-type: none"> - Historical precedence - Relatively easy to implement - Revenue distribution mechanism already in place - Dedicated to transportation - Stays in county of revenue generation 	<ul style="list-style-type: none"> - No direct relationship with use of transportation system - Tax is regressive - Needs 2/3rds voter approval - Politically challenging 	- Example of projects in Imperial potentially impacted: SR111 freeway and Jasper Rd expressway	1) Include local sales tax extension revenues for Imperial County in the financially constrained RTP. 2) Include local sales tax extension revenues for Imperial County in Strategic Plan (not part of the federally approved and conforming RTP).	Support Option 1. Requisite Milestones: <ul style="list-style-type: none"> - Work with Imperial County - Initiate public education program/marketing - Local consensus - Surveys - Expenditure plan - Ballot measure by Imperial County
7	No	Local Option Sales Tax Imposition for Ventura County	Half-cent sales tax on retail sales in Ventura County.	\$3.1 billion (2011-2035)	<ul style="list-style-type: none"> - Relatively easy to implement - Revenue distribution mechanism already in place - Dedicated to transportation - Stays in county of revenue generation 	<ul style="list-style-type: none"> - No direct relationship with use of transportation system - Tax is regressive - Needs 2/3rds voter approval - Politically challenging - Recent effort was not successful 	Additional efforts to widen the 101 may be impacted	1) Include local sales tax revenues for Ventura County in the financially constrained RTP. 2) Include local sales tax revenues for Ventura County in Strategic Plan (not part of the federally approved and conforming RTP).	Support Option 2 and continue to work with Ventura County.
8	No	Value Capture Strategies	Includes Mello Roos Community District Financing, Benefit Assessment Districts, Joint Development Funds from private sector, real estate sales of Caltrans owned property	Revenue potential can vary; can generate roughly 10% of total capital cost; real estate sales for Caltrans owned property estimated to generate appx. \$400 million to partially offset public contribution needs for the 710 Tunnel	<ul style="list-style-type: none"> - Valuable gap funding strategy - Captures the incremental value generated by transportation investments--can be consistent with the Region's transit oriented development goals - Capitalizes on already owned public right-of-way (real estate sales) 	<ul style="list-style-type: none"> - Revenue generating potential is not significant in comparison to cost of the Region's infrastructure needs - Local jurisdiction approval process can be challenging (property owner approval needed)--subject to Prop 218 (supermajority) 	- 710 Tunnel (real estate sales); also transit improvements (e.g., Gold Line Extension)	1) Include value capture strategies in the financially constrained RTP. 2) Include value capture strategies in Strategic Plan (not part of the federally approved and conforming RTP).	Support Option 1. Requisite Milestones: <ul style="list-style-type: none"> - Need Caltrans' commitment to utilize proceeds from real estate sales for 710 Tunnel (\$400M) - Public outreach with local jurisdictions for Mello Roos and Assessment District financing
9	Yes	Private Equity Participation (PPP)	Public-Private Partnership arrangement whereby a private entity designs, finances, builds, operates and maintains a transportation facility under a lease arrangement for a fixed period of time; project(s) must generate sufficient revenues to be economically viable (user-fees, tolls, etc.). Public sector would forgo revenue from these user-fees in exchange for private development.	Not technically a revenue source; it's an innovative project delivery mechanism that can accelerate projects. Only applicable to specific projects with creditworthy revenue streams.	<ul style="list-style-type: none"> - Can accelerate project implementation - Taps into private sector to fill funding gaps - The private sector can bring expertise and efficiencies - AB1467 authorizes the region to work with private entities for goods movement projects - Facilitates risk sharing amongst private and public stakeholders - There could be revenue sharing for any surplus cash-flows (negotiable with private entity) 	<ul style="list-style-type: none"> - The public sector still needs to make significant financial commitment with predevelopment costs - Lengthy environmental review processes, etc. increases risk for the private sector - PPP arrangements are still fairly new in this country--requires better understanding by public entities to ensure protection of public interest 	-High Desert Corridor; CETAP Riv-Orange; 710 Tunnel; 710 South (truck lanes)	1) Include PPP financing in the financially constrained RTP for new projects--not selling of public assets. 2) Include PPP financing in the Strategic Plan (not part of the federally approved and conforming RTP).	Support Option 1. Requisite Milestones: <ul style="list-style-type: none"> - Need detailed traffic and revenue analyses for specified projects - Comprehensive financial/business plans - Draft authorizing legislation for specific projects (non-GM projects) - Need legislative approval - Establish JPA or regional entity as appropriate to facilitate negotiations with private entity